

To the Members of the California State Assembly:

I am signing Assembly Bill 1629.

The quality assurance fee authorized in this legislation will provide funds that would be otherwise unavailable in these times of fiscal constraint, thus enabling the State to provide a much needed increase in Medi-Cal reimbursement rates to skilled nursing facilities. Higher rates, combined with the facility-specific rate methodology specified in the bill, will result in better wages for nursing home employees, compensation for structural improvements and better quality of care for the residents.

I believe that AB 1629 will allow the Administration to effectively measure and track quality of care in skilled nursing homes by requiring the Department of Health Services to conduct a baseline evaluation before implementation of the new rate methodology, and a follow-up evaluation in 2008, after the nursing homes have experienced the benefits of the higher reimbursement for a specified time period.

These evaluations, which will be provided to the Legislature, will document the number of skilled nursing homes that are complying with the state minimum staffing requirements; the staffing levels maintained; staffing retention rates; the number of nursing homes with findings of immediate jeopardy, substandard quality of care, or actual harm to residents; the number of state citations received by nursing homes; and the average wages and benefits paid to nursing home employees. In addition to these measures, the follow-up evaluation will also report the extent to which nursing home residents who expressed a preference to return to the community, were able to return to the community.

This bill will sunset on July 31, 2008, at which time we will examine available information regarding the impact of the new rate methodology on the State General Fund and improvements in quality of care and retention of staff, to decide whether changes should be made to the rate methodology or the quality assurance components of the bill.

I expect the sponsors to work with County Mental Health Directors to pass clean-up legislation that will mitigate any unintended consequences that may arise because of the link between Medi-Cal rates and those paid by county institutions for mental diseases.

The most important point of AB 1629, however, must not be forgotten. This rate increase is to improve the care of residents in nursing facilities. I am directing the Department of Health Services to closely monitor implementation and to identify opportunities to recognize and reward quality care. We are making this investment in nursing facilities to ensure better care, and I intend to hold the industry and caregivers accountable for this critical responsibility.

I believe that AB 1629 will improve the quality of life for some of our most vulnerable residents and therefore I am pleased to sign this bill.

Sincerely,

Arnold Schwarzenegger